

Kibaha Holdings Ltd.

P. O Box 30289 Kibaha Pwani
Reg.No. No.53221, TIN No.104-799-094
Mobile 0658075061
Email: westgategirls@gmail.com

BUSINESS PLAN FOR EXPANSION OF EDUCATION INFRASTRUCTURE, FARMING AND COMMERCIAL FOREST PROJECTS

SUBMITTED TO:

TANZANIA INVESTMENT CENTER

DAR ES SALAAM, TANZANIA

JANUARY 2022

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Project List:

1. Expansion of Westgate Secondary School infrastructure (Misugusugu Kibaha)
2. Farming & Livestock Project at Kiwege Farm (Ngerengere-Morogoro)
3. Afforestation Project at Kihesa Mgagao-Kilolo Iringa

Project Concept: Projects Expansion
Sponsors: Shareholders+ Bank Loans
Office Location: No.24 Misugusugu, Kibaha Township.

KIBAHA HOLDINGS LTD-PROJECTS OVERVIEW SUMMARY

PROJECT NO. 1:

EXPANSION OF EDUCATION INFRASTRUCTURES AT WEST GATE GIRLS

SECONDARY SCHOOL.

West Gate Girls Secondary School became operational in 2016 by admitting the first form one students. The School is owned by Kibaha Holdings Ltd, and has registration number **S.4948**

The current school infrastructures consist of Administration Block, Class rooms, Science Laboratories, Libraries Dormitory blocks, Multipurpose hall, Kitchen and water borehole. Total capital invested in the above assets is TZS 3.7 Billion.

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Classrooms blocks



Laboratory block

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Administration Block

The school has generated job opportunities for local people, generated taxes for the local and central Governments and has so far produced 116 Form 4 graduates since inception. In addition, the school has actively supported community projects in the adjacent areas.

In order to accommodate more students, the company is planning to expand the infrastructure by making the following additional Investments:

Estimated investment required (Project No.1)	
Investment	Amount
1. Additional class rooms for A 'Level students-	200,000,000
2. Additional Laboratories for 'A ' Levels	120,000,000
3. Additional Dormitory block for A 'Level students	220,000,000
4. Additional Library Block	100,000,000
5. A computer Lab	50,000,000
6. Installation of renewable energy ((Solar lighting and LPG for cooking)	20,000,000
Total estimated investment required (project No.1)	710,000,000

The Company will apply for a term loan through local Banks to finance 70% of the estimated investment costs mentioned above, the balance of 30% will be financed through internal revenues.

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Education Industry

- Education is a basic necessity for Tanzania children. Before liberalization of commercial and industrial activities in Tanzania, learning institutions were controlled by the government. Government schooling capacity was only supplemented by religious organization located in peri-urban areas, small towns and villages. Total government capacity was nevertheless very limited and it is estimated that over 50% of children completing standard 7 level of education annually do not access secondary school education.
- With the advent of liberalization, several private schools, from nursery to colleges have been established in Tanzania to supplement Government effort. Most of these private learning institutions are operating profitably

Products and Marketing

The main services to the nation will be provision of high quality secondary and high school education targeted for Tanzania children. Demand is determined by population growth rate and per capital consumption. The Ministry of Education and Culture estimates that only a small number of children completing primary school education can get access to a government secondary school due to capacity limitations. With population growth rate of 2.5% per annum, projections show stable and predictable market availability for West Gate Girls Secondary School services during the economic life of the project.

Technical Analysis

West Gate Girls Secondary School is located on plot No. 24 Misugusugu Kibaha Township, Coastal Region 50km from Dar es salaam city along Morogoro Road. The school is served with all the necessary infrastructural services such as electricity, water telephone and an access road.

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Management and Organization.

Implementation of the project is being co-coordinated by the main promoters, Mr. H. Mwaniki Ngibuini and Godlisten A Minja as the Executive Directors. The company has recruited qualified Headmaster and deputy Headmistress with proven experience in education industry/sector as the Chief Operating Officers.

Financial Analysis:

The company balance sheet has so far a total of Tzs. 3.7billion value of assets summarized in Table No.1 below

Table No.1

Details	Total
Land and Buildings	3,435,000,000
Laboratory Equipments	54000000
Motor Vehicles	27,000,000
Furniture & Office equipment	167,000,000
Work In Progress	69,000,000
GRAND TOTAL	3,752,000,000

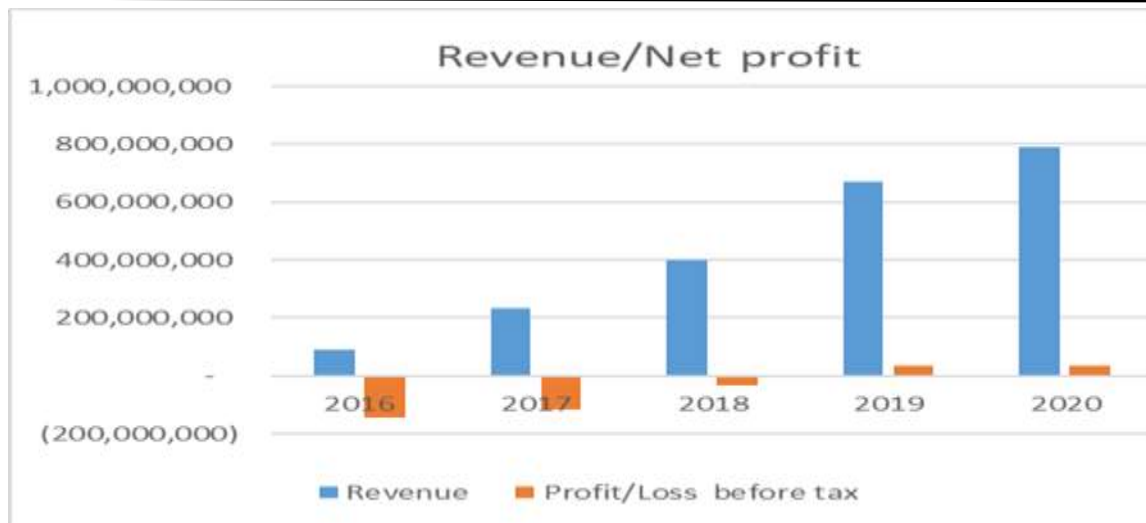
The profitability audited statements for the project is shown on table II. The project registered a positive small margin from the 4th and 5th year of operation.

Table II: Profitability analysis

Years	2016	2017	2018	2019	2020
Turnover	89,600,670	234,116,203	400,677,900	669,009,279	788,965,006
Gross Profit	(2,039,107)	75,738,747	184,940,135	301,060,515	355,204,492
Net Profit(loss)	(145,315,708)	(117,690,532)	(34,229,651)	33,675,602	35,553,023
Margins %	-162%	-50%	-9%	5%	5%

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The profitability of the project is very much dependent on the number of students admitted each year which is also driven by the state of the national economy and the ability of the parents to pay school fees as well as the academic performance of the school. It is projected that the profitability will continue to increase year over year *mutatis mutandis* and especially after the proposed projects are completed and commissioned.

Economic benefit Analysis:

The school project has so far created about 40 employment opportunities for Tanzanians. In addition, the company has annually paid corporate tax to the Central Government apart from the monthly statutory payments. The local Government has also benefited from payments for operating licenses and other taxes.

Conclusion and Recommendations:

(a) Conclusion

This analysis together with our experience in the project so far, shows that the project is financially viable, economically attractive, technically attainable and socially acceptable.

(b) Recommendations

It is recommended that the project should seek for financiers to assist the proposed investment expansion.

TIC is requested to approve the project to enable the company to enjoy the investment incentives offered by the center.

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PROJECT NO.2

FARMING & LIVESTOCK PROJECT AT KIWEGE FARM (NGERENGERE- MOROGORO)

Kibaha holdings Ltd have successfully acquired 1032 acres of land from Kiwege Village, Ngerengere, Morogoro Region. The land has been registered (Usajili wa Kimila) and Title Deeds recently issued to the company. This confirms that we are lawfully entitled to the ownership of the land. The company must however move to the next stage and carry out a proper cadastral survey and apply for issuance of a 99-year lease under a Certificate of Occupancy.

The objective of the company is to invest funds in various commercial projects on the land including livestock management, agricultural crops and tree farming while taking tangible measures to protect the fragile natural ecosystem.

Development Plan

While the initial plan was to put 500 acres of land under livestock management, 500 acres under agricultural crops and 500 acres under a Teak plantation, this plan will be revised to fit in with the land holding available. We propose the following:

- 700 acres to be reserved for livestock management (300 heads beef cattle; 300 heads goats)
- 150 acres' agricultural crops (Sorghum, Maize, beans and horticulture)
- 150 acres Teak plantation
- 32 acres' livestock feed.

Natural Forest

The natural forest on the farm and surrounding areas has been under intense pressure from illegal charcoal and sawn timber producers. There is rampant

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deforestation and forest degradation which must be stopped otherwise the natural forests will disappear forever.

The company will preserve natural forests in the farm as a means to safeguard the environment and to reduce carbon dioxide and methane gas emissions into the atmosphere in order to mitigate impacts of climate change. In areas designated for livestock, minimum forest clearing will take place and most trees will be left standing. Agricultural activities will be confined to areas already degraded through illegal cultivation by squatters in order to avoid the need to clear more forested area for crop production.

Livestock Management (700 acres)

Ngerengere area is semi- arid and receives only 800-100mm of rainfall annually. The main rain season is between March and May (long rains) with the short rains being experienced between October and December. Short rains have become very unpredictable due to climate change. Total rainfall available and the average temperature are major determinants of the type of livestock that will be stocked in Kiwege as well as the crops that will be grown.

Due to the low rainfall and the semi- arid conditions, cattle and sheep which are draught resistant but suitable for good quality meat production will be introduced. The animals will be closely managed for 6 to 12 months before being sold in the market, mainly in Dar es Salaam. In order to achieve optimum results within the time frame of 6 to 12 months, extra feed will be grown to supplement grazing in the pastures. This, plus mineral supplements will help achieve the desired results.

Livestock spraying facilities will be constructed and used regularly as advised by Veterinary officers in order to keep the incidents of disease and possible mortality as low as possible.

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Cows and goats at start up project in Kiwege farm

Agricultural crops (150 acres)

We propose to grow the best and most environmentally suited varieties of Sorghum, maize and beans. Sorghum will be sold to local beer manufacturers while maize and beans will be sold to the local entrepreneurs; while some will be consumed by learning institutions owned by the company.

Kiwege area is suitable for a variety of fruits and an area 15-20 acres will be reserved for growing bananas, oranges, Tangarines, Paw paws, Pineapples etc. The area is also suitable for growing horticultural crops such as onions, tomatoes, chilies. These will be incorporated in our farming system and the crops grown for the local market.

Development of Pastures

At the moment, large areas of the farm are covered by trees and thick bush. There is very little grass under the tree canopy available for cattle. There is

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urgent need to develop and improve the pastures in order to increase availability of grass before animals are introduced. Bushes need to be cleared and tree canopies trimmed to allow sunlight reach the ground level. This work has started and nearly 300 acres have been cleared so far. The work will continue until all the pastures are in good condition.

Livestock Feed (30 acres)

In order to maintain livestock during the dry months of the year, animal feed will be grown on farm and converted into silage. This will be used during the critical months of the year to ensure that animal body weight is maintained at the right level.

Teak Plantation (150 acres)

The Teak species is well suited to this agro-ecological zone. Teak being a valuable hardwood has high demand locally and overseas. The wood is used for high class furniture, flooring, cabinetry and production of window frames and doors.

We plan to plant 150 acres of Teak in the areas already deforested and degraded by illegal cultivators as a means to rehabilitate those areas.

Teak has a growth rotation age of 18 -22 years. When harvested, logs will be sold to local manufacturers.

Water Supply

Availability of water is critical for any farming enterprise. Unfortunately, there are only dry river beds and no permanent rivers on farm. In order to secure adequate water supply for the livestock and for domestic use, the company will sink a Bole Hole on the farm. In addition, a small earth dam will be constructed to capture and store rainfall run-off during the wet weather. This water will be used for livestock and crop irrigation during the dry season.

Every opportunity will be taken to harvest and store rain water from the extensive roofed areas on the farm.

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Development of Farm Infrastructure

The farm has no infrastructure at the moment. However, construction of a worker's house is in progress and nearly complete. This will be followed by construction of a farm office and housing for senior company staff.

In addition, construction of a shed to house 300 to 500 goats will commence shortly with the aim of introducing the first batch of 100 goats in August 2020.

A 'Boma' for cattle will be constructed in September/October 2020 and the first batch of cows will be introduced just before the commencement of the short rains.

The farm will require a substantial network of roads to give access to all areas. This will be planned and executed as funds become available.

As mentioned earlier in this report, A Bole Hole will be sunk and commissioned later in the year to provide water for livestock and for domestic use while an earth dam will be constructed to store rainfall run off for irrigation and other purposes.

Farm Security

The process of fencing the entire perimeter of the farm has started. We are using Eucalyptus CCA Treated fence poles to (minimize damage by termites) and barbed wire. The fence will keep away intruders while at the same time restrain our livestock from straying into adjoining farms.

Paddocks will be established for efficient management of the pastures while agricultural areas will be fenced off in order to secure crops from damage by livestock.

Cases of livestock theft have been reported in this area. In order to minimize such incidents, a shed will be constructed to house the goats while a Boma to be constructed will ensure security of the cattle.

We have employed seven security guards to man all key farm installations. Additional labor will further strengthen farm security.

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Company Social Responsibility Program

Kibaha holdings Ltd has been working closely with the Village Government in Kiwege since 2006 and has supported many village development projects. Some are listed here below:

1. Roofing of Kiwege dispensary
2. Construction of complete Village Land registry
3. Repairs of Kiwege Primary School
4. Provision of treated timber for roofing classroom block in Sumbwi Primary School
5. Supply iron sheets for roofing classroom at Sumbwi Primary School
6. Cash for opening Village Bank Account
7. Support for various village activities, meetings, hosting delegations, travel etc
8. Providing full secondary school sponsorship to the best female student from Kiwege Primary School.
9. Support to welfare and sports in the Village through supply of games equipment and promoting competition between the villages.



Village Land registry donated by Kibaha Holdings Ltd

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Employment opportunities

Although permanent labor requirements in the initial phase will be low (7 -10 persons, the number of short term workers will be high (300 at a time) as we clear bushes and prepare pastures and areas for growing agricultural crops. Number of permanent employees will increase as the various projects get underway.

Investments projections

As the land allocated to us is virgin land, the company will spend the first 5 years bringing the farm to productivity. The following investments will be carried out:

Estimated investment required (Project No.2)	
Investments projections	Amount
1. Fencing the entire perimeter of the farm boundaries	50,000,000
2. Clearing bushes for preparation of pastures and agricultural land	70,000,000
3. Implementing a water project for livestock and irrigation	25,000,000
4. Construction of Farm offices, Houses and other infrastructure	100,000,000
5. Tree planting project	138,000,000
6. Livestock Stocking (Goats and cattle	123,000,000
7. Survey and mapping of the estate and processing of the lease documents	10,000,000
2. Establishment of a road network in the plantation	50,000,000
Total estimated investment required (project No.2)	566,000,000

Some of the above projects have commenced but more funds are required to complete the ongoing projects and to implement the ones not already started.

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PROJECT NO. 3

COMMERCIAL FOREST PROJECT AT KIHESA MGAGAO-KILOLO IRINGA

Kibaha Holdings Ltd has acquired about 600 acres of land in Kihesa Mgagao Village located in Pomerini Ward, Kilolo District, Iringa Region. Although the land was purchased from individuals, the same has now been consolidated into 3 main Blocks with the assistance of the Village Government. The process of surveying the land will soon commence and this will enable the company to apply for the right of occupancy under a 99 year lease.

Current investments on the land

The company has established about 400 acres of commercial forest plantations on the land holding. The main tree species planted are Eucalyptus for production of electricity transmission poles, veneer and sawn timber. A small portion of the land is under Pine species for production of sawn timber. The main species going forward will be Eucalyptus due to faster growth and the high demand for Eucalyptus transmission poles and veneer at the moment.

The estimated plantation establishment cost for commercial plantations in the Southern Highlands is TZS 1,100,000 per acre. This cost takes into consideration land clearing and preparation, cost of seedlings, planting, cost of fertilizers, weeding and fire protection. Land cost is not included.

Using this estimated cost per acre, it is evident that Kibaha Holdings Ltd has invested over **TZS 440 million** so far in plantation establishment in Kihesa Mgagao.

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Nursery at Kihesa Mgagao Farm



Eucalyptus trees at Kihesa mgagao Farm

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Future investment/activities

Estimated investment required (Project No.3)	
Investments projections	Amount
1. Survey and mapping of the estate and processing of the lease documents	10,000,000
2. Establishment of a road network in the plantation	50,000,000
3. Complete planting of remaining areas	92,000,000
4. Construction of firelines around the estate	50,000,000
Total estimated investment required (project No.3)	202,000,000

Biodiversity Conservation policy

Kibaha Holdings Ltd has a clear policy on protection of the environment and conservation of bio diversity in all areas under our jurisdiction. Towards that end, the company prohibits felling of indigenous trees to make way for commercial forest plantations. The company does not allow interference with riverine vegetation and water catchment areas and strictly follows Government regulations on protection of wetlands and other water bodies. In order to minimize soil erosion, steep areas are avoided and existing natural vegetation is allowed flourish.

The company has the obligation to protect and conserve the biodiversity within our operational areas. This includes wildlife, birds and all other forms of life. Hunting, collecting or trapping of wild animals on our land is therefore prohibited. We take serious measures to protect our land from wild fires which are a constant danger to our plantations and the bio diversity. The company has a strict policy on use of chemicals in our operations and only Government approved fertilizers, herbicides and insecticides can be used within our operational area.

Contribution to the economy

The commercial forest operation has created permanent jobs for 10 persons and hundreds of seasonal jobs especially during land preparation, planting, weeding and preparation of fire lines. These jobs are crucial to the local people who have limited alternative employment opportunities in the area.

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The trees planted will mature in the next few years and will be sold to transmission pole manufacturers, sawmills and plywood manufacturers. These products will generate trade and create more job opportunities. The local and national Governments will benefit from taxes and levies generated along the value chain.

Summarised Estimated investment required (Project No to Project No.3)	
Estimated investment required (Project No.1)	
Investment	Amount
1. Additional class rooms for A'Level students-	200,000,000
2. Additional Laboratories for 'A' Levels	120,000,000
3. Additional Dormitory block for A'Level students	220,000,000
4. Additional Library Block	100,000,000
5. A computer Lab	50,000,000
6. Installation of renewable energy ((Solar lighting and LPG for cooking)	20,000,000
Total estimated investment required (project No.1)	710,000,000
Estimated investment required (Project No.2)	
Investments projections	Amount
1. Fencing the entire perimeter of the farm boundaries	50,000,000
2. Clearing bushes for preparation of pastures and agricultural land	70,000,000
3. Implementing a water project for livestock and irrigation	25,000,000
4. Construction of Farm offices, Houses and other infrastructure	100,000,000
5. Tree planting project	138,000,000
6. Livestock Stocking (Goats and cattle	123,000,000
7. Survey and mapping of the estate and processing of the lease documents	10,000,000
2. Establishment of a road network in the plantation	50,000,000
Total estimated investment required (project No.2)	566,000,000
Estimated investment required (Project No.3)	
Investments projections	Amount
1. Survey and mapping of the estate and processing of the lease documents	10,000,000
2. Establishment of a road network in the plantation	50,000,000
3. Complete planting of remaining areas	92,000,000
4. Construction of firelines around the estate	50,000,000
Total estimated investment required (project No.3)	202,000,000
Grand Total Project No. 1 up to Project No. 3	1,478,000,000

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Annexes

1. Application Form
2. Application Letter
3. The Bank Statement
4. Board Resolution
5. Business Plan
6. Certificate of incorporation
7. Title deed
8. Memorandum and articles of association
9. TIN Certificate
10. Audited Accounts for the past three years
11. Extract from Registrar (BRELA)